

**MINUTES OF REGULAR BOARD MEETING
OF WAUKEGAN PORT DISTRICT**

December 16, 2009

**55 South Harbor Place, Waukegan, Illinois
Harbor Control Building**

The following Board members were present:

Rodger Welker, Chairman
Donald Vanderverter, Treasurer
Jorge Torres, Secretary
Jim Bierman
Hank Bogdala
Mike Melius

The following Board member was absent:

Dale Johnson

District Counsel present:

Thomas A. Morris, Jr.

Members of the Port District Staff present:

Duncan C. Henderson, A.A.E., Executive Director
Brion O'Dell, Harbor Manager
Chris Peters, Executive Assistant
Jamie O'Meara, Chief Accountant
Dan Oestreich, Maintenance Supervisor
Jim Stanczak, Airport Manager
Barney Baker, Maintenance Supervisor

Others in attendance:

Ron Hudson, Hanson Professional Services
David G. Brittsan, DB Aviation, Inc.
Robert Sabonjian, Mayor, City of Waukegan

Chairman Welker called the meeting to order at 9:00 A.M.

1. Approval of the Board Meeting Minutes of November 18, 2009

On motion of Mr. Vanderverter to approve the Minutes of the November 18, 2009 board meeting, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

2. Approval of Checks

Mr. Vanderverter reported he had reviewed checks with Jamie O'Meara prior to the meeting. The board members reviewed various expenditures including Napa, Baxter Woodman, Little Fort Media, Davis and Thelen Sand and Gravel. An explanation of those expenses was described. Mr. Bierman expressed his opinion that research expenses for the CDF were excessive and requested an agenda item at a later board meeting for discussion. On motion of Mr. Melius to approve of checks, seconded by Mr. Vanderverter, all members present voted aye, and the Chairman declared the motion carried.

3. Financial Reports: November 2009

Mr. Henderson summarized the financial reports explaining the comparison of the budget with year to date. Capital items were detailed. (Mayor Sabonjian arrived at the meeting.) Aging Reports are in good standing. The Edmund case has been verbally settled but we are awaiting the written documentation from Plaintiff's counsel to finalize. On motion of Mr. Melius to approve the financial reports, seconded by Mr. Bierman, all members present voted aye and the Chairman declared the motion carried.

4. Operations Reports through November 2009

The harbor is closed for the season so there are no operations to report. The airport is doing well compared to the national economy. A question last month had been presented on fuel flowage which Ms. O'Meara had addressed in a Memo to the board. Mr. Brittsan arrived during this discussion. On motion of Mr. Melius to approve operations reports, seconded by Mr. Torres, all members present voted aye, and the Chairman declared the motion carried.

5. 2010 Budget

Mr. Henderson opened the 2010 Budget for discussion. The Preliminary Budget having been presented last month for board deliberation. (Mayor Sabonjian departed the meeting.) Attention was given to the decrease in airport revenue since 2004 which was tracked to the Baxter land release. Mr. Bierman expressed concern over the sizeable capital items for the airport and asked for the generation of a revenue stream. There was further discussion over the allocation of capital items between the airport and the harbor. Mr. Henderson explained the rationale behind capital items and their appropriation/assignments.

Mr. Torres inquired about the explanation for the credit card line item. He felt a "convenience fee" would offset costs. After much discussion it was determined such a fee would be problematic to assess with no resolution during the meeting.

The wage line item was also questioned. Mr. Torres and Mr. Bodgala were not members of the board last year during implementation of the tractor plan. A summary was discussed and it was determined a copy would be forwarded for their review.

On motion of Mr. Melius to approve the 2010 Budget, seconded by Mr. Torres, all members present voted aye and the Chairman declared the motion carried.

6. Board Meeting Schedule 2010

On motion of Mr. Bierman to approve board meetings on the third Wednesday of each month with the exception of the May meeting which will be held on May 12, 2010, seconded by Mr. Torres, all members present voted aye, and the Chairman declared the motion carried.

7. Election of Ethics Officer

After brief yet boisterous discussion, on motion of Mr. Torres to appoint Attorney Thomas A. Morris, Jr. to act as Ethics Officer for the Waukegan Port District, seconded by Mr. Vanderverter, all members present voted aye and the Chairman declared the motion carried.

Harbor – Board/Public Commentary

None

Harbor – Unfinished Business

8. Status Reports

Mr. O'Dell reported the gas dock project was close to completion. However, the State Fire Marshall will need to inspect once the pier is operational in the Spring. The pier project was a \$1,000,000 project with only two change orders of nominal amounts.

Mr. O'Dell also reported the 2009 security report had been compiled and crime was down.

December 14, 2009 the Port District was served with a personal injury suit from a Ms. Melton. This apparently occurred during the Waukegan to Chicago Yacht Race over the summer. We had not received any prior notice of this incident. Fencing will be installed at the site next Spring. Mr. West has been notified, is pursuing various options, and a claim is in progress.

The Longshoreman's Insurance was investigated thoroughly with the Federal and State Departments of Labor, Brad West, and the Association of Marina Industries. There is no

definitive answer to the question of whether coverage through the Longshoreman's Act is required. The annual cost of \$480 to avoid any potential risk was considered prudent.

Harbor – New Business

None

Airport – Board / Public Commentary

Dave Brittsan was pleased to report DB Aviation will exceed fuel sales for the year and expressed appreciation to the Port District. They are looking forward to a strong 2010.

Airport – Unfinished Business

9. Status Reports

Mr. Stanczak reported on a meeting in Springfield with the Illinois Division of Aeronautics (IDOA). The beacon and SRE building will be funded. The Entitlements for 2009 and 2010 can be used. The runway project will start when the weather breaks.

Mr. Stanczak made honorable mention of Paul Pastell's 30 years with the Port District.

Mr. Henderson clarified funding on projects. The SRE is not a normal 95% AIP project. It is two projects: 1) Site preparation and paving; 2) Building Structure. The issue was two fold: 1) to get earmark money for Waukegan released to Waukegan; and 2) to get 2009 and 2010 entitlements for the building project. Mr. Henderson reported success in procuring this allocation from the State of Illinois. The Sponsor (Waukegan Port District) will also need to get a one million dollar loan for this project. We are currently shopping for this borrowing. A prohibition from LaSalle to additional borrowing was discussed and was reported to have expired. We are shopping at NorStates Bank, Bridgeview and First Midwest. Mr. Stanczak asked that we contact North Shore Trust and Savings. Mr. Hudson stated he would like to bid the building February 1. The State will bid pavement March 5. With that knowledge Dr. Welker stated that we need to take action on the loan at the next meeting. Instructions were given to shop for a 20 year loan – not an ARM.

Mr. Hudson presented the Scope of Services and Environmental Assessment to the IDOA and FAA. This would be a 95%/2.5%/2.5% project. Hanson's fee to produce the Airport Master Plan and Environmental Assessment will be about \$849,000. This cost will be paid from a \$2.3 million "earmark" appropriation to the Port District. The cost of an environmental Assessment is considerably less than the cost of an Environmental Impact Study, which was originally funded by the earmark.

10. Action on Waukegan Airways LLC Lease Modifications

Mr. Henderson reported no communication from Waukegan Airways following the last board meeting.

Airport – New Business

11. Agreement for Engineering Services (Retainer of Consultant)

Mr. Henderson explained the requirement of the Division of Aeronautics to select a new Consultant every three to five years. He recommended Hanson Professional Services be retained in the position. On motion of Mr. Bierman to approve the Retainer Agreement for Hanson Professional Services, seconded by Mr. Melius, all members present voted aye and the Chairman declared the motion carried.

12-15. City of Waukegan Litigation Status Report

Mr. Morris reported an executive session may be required at the next board meeting on the City of Waukegan litigation. The Court has asked for an itemized list of damages alleged and is requiring a serious settlement conference. Dr. Welker and Mr. Henderson will need to attend and we will need authority from Zurich to come to a conclusion. Mr. Morris is optimistic this case can be resolved in February with the Judge's direction. Discussion ensued over the role of the various parties in the pleadings and the damages and/or resolutions that could be awarded. There is a court hearing scheduled for January 14, 2010 with the settlement conference scheduled for February 12.

There being no further business, on motion of Mr. Melius to adjourn the meeting, seconded by Mr. Vanderverter, all members present voted aye, the Chairman declared the motion carried. The meeting adjourned.

s/Jorge Torres
JORGE TORRES, Secretary

APPROVED:

s/Rodger Welker
RODGER WELKER, Chairman